

REPORT FOR THE FIRST THREE QUARTERS OF 1998

- Continued improvement in results – operating income rose by 30%

	<i>Nine months</i>			<i>Third quarter</i>		
	<i>1998</i>	<i>1997</i>	<i>Change, %</i>	<i>1998</i>	<i>1997</i>	<i>Change, %</i>
Net sales, SEKm	89,391	85,179	4.9	28,516	27,906	2.2
Operating income excl. items affecting comparability, SEKm¹⁾	4,470	3,430	30.3	1,425	1,102	29.3
<i>Margin, %</i>	<i>5.0</i>	<i>4.0</i>		<i>5.0</i>	<i>3.9</i>	
Operating income, SEKm	5,275	1,534	243.9	1,675	1,102	52.0
Income after financial items, SEKm	4,304	486	785.6	1,381	750	84.1
Income before taxes, SEKm	4,342	453	858.5	1,399	764	83.1
Net income, SEKm	2,882	64		985	462	113.2
Net income per share, SEK	7.90	0.15		2.70	1.25	
Return on equity, %	18.7	0.4				

1) Items affecting comparability in 1998 include capital gains totalling approximately SEK 805m, and in 1997 a capital gain of SEK 604m as well as a provision of SEK 2,500m for the current restructuring program.

- **Higher sales and earnings in Europe and North America**
- **Increased operating income for all business areas. Substantial improvement for white goods**
- **Restructuring program on track**
- **Divestment of non-strategic operations**

Net sales and income

Sales for Electrolux in the first nine months of 1998 amounted to SEK 89,391m, as against SEK 85,179m for the corresponding period in 1997. This corresponds to an increase of 5%, of which +1% refers to changes in exchange rates, -1% to changes in Group structure, and +5% to price/mix/volume. For changes in Group structure, see page 4.

Operating income including items affecting comparability rose to SEK 5,275m (1,534), corresponding to 5.9% of sales, and income after financial items rose to SEK 4,304m (486), corresponding to 4.8% of sales. Income before taxes improved to SEK 4,342m (453), corresponding to 4.9% of sales. Net income rose to SEK 2,882m (64), which corresponds to SEK 7.90 (0.15) per share.

Items affecting comparability in 1998 comprise capital gains of approximately SEK 805m on divestment of operations. In 1997 these items included a capital gain of SEK 604m as well as a provision of SEK 2,500m for the ongoing restructuring program.

Exclusive of the above items, operating income rose by 30% to SEK 4,470m (3,430), income after financial items rose by 47% to SEK 3,499m (2,382), and income before taxes rose by 51% to SEK 3,537m (2,349).

During the second quarter of 1998 a charge of SEK 175m was taken for doubtful receivables and adjustments in Brazil and Asia.

Income by business area and geographical region

All three business areas reported improved operating income over the previous year, with Household Appliances and Professional Appliances showing the biggest increases. See page 6.

In geographical terms, operating income for the Group rose in Europe and North America, but declined in Latin America and Asia.

Third quarter

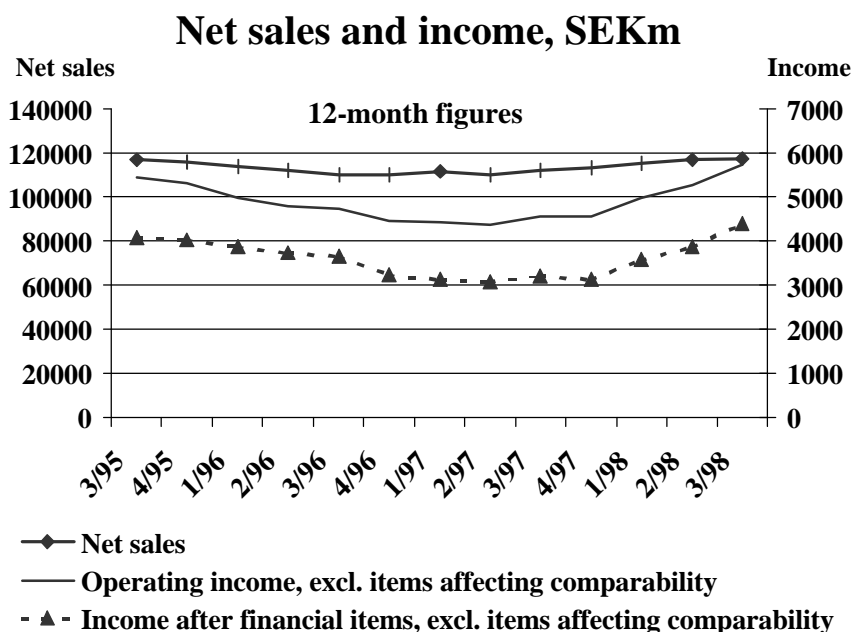
Group sales for the third quarter of 1998 amounted to SEK 28,516m, as against SEK 27,906m for the third quarter of 1997. This corresponds to an increase of 2%, of which +1% refers to changes in exchange rates, -2% to changes in Group structure, and +3% to price/mix/volume.

Operating income rose by 52% to SEK 1,675m (1,102), income after financial items rose by 84% to SEK 1,381m (750), and income before taxes rose by 83% to SEK 1,399m (764). Net income for the quarter improved by 113% to SEK 985m (462), which corresponds to SEK 2.70 (1.25) per share.

Items affecting comparability in the third quarter comprise a capital gain of approximately SEK 250m on the divestment of the European operation in kitchen and bathroom cabinets.

Exclusive of the above item, operating income rose by 29% to SEK 1,425m (1,102), income after financial items rose by 51% to SEK 1,131m (750), and income before taxes rose by 50% to SEK 1,149m (764).

The improvement in operating income is traceable mainly to the Household Appliances business area, although Professional Appliances and Outdoor Products also reported higher income than in the third quarter of 1997.



Cash flow

The cash flow generated during the first nine months by business operations after capital expenditure, adjusted for exchange-rate effects, increased substantially to SEK 5,892m (3,958). The improvement is traceable mainly to higher operating income, lower capital expenditure and higher proceeds from the divestment of operations.

Equity and net debt/equity ratio

Group equity as of September 30, 1998 amounted to SEK 22,744m (19,940), which corresponds to SEK 62.10 (54.50) per share.

The return on equity after taxes was 18.7% (0.4), and the return on net assets was 16.3% (4.6). Excluding items affecting comparability, the return on equity rose to 13.8% (8.2), and the return on net assets to 13.4% (10.3).

Net borrowings declined to SEK 17,611m (19,063) and the net debt/equity ratio improved to 0.74 (0.87).

Liquid funds at the end of the period amounted to SEK 10,077m (10,206).

The above figures include items affecting comparability, unless otherwise indicated.

Major changes in the Group***Current restructuring program***

The current two-year restructuring program was authorized by the Board in June 1997 and has proceeded according to plan. The program involves personnel cutbacks of about 12,000 based on the shutdown of about 25 plants and 50 warehouses, as well as substantial changes in the Group's marketing and sales organizations.

As of September 30, 1998, about 8,100 employees had left the Group. Personnel cutbacks during the first nine months of 1998 amounted to about 4,300, of whom about 1,000 during the third quarter.

Approximately SEK 1,320m has been utilized of the provision of SEK 2,500m that was made for the program during the second quarter of 1997. SEK 620m of this provision was utilized during the first nine months of 1998, of which about SEK 140m during the third quarter.

Fifteen plants had been shut down or sold as of September 30, 1998, of which three during the third quarter. Negotiations have also been started or completed regarding four more units. In addition, 26 warehouses have been shut down, of which four during the third quarter. Decisions have been made regarding the shutdown of another thirteen.

Acquisitions and divestments since June 30, 1998

The operation in professional cleaning equipment was divested as of October 1. This product line includes vacuum cleaners, wet/dry cleaners and floor scrubbers, and has annual sales of approximately SEK 850m and about 850 employees. The divestment will involve a capital gain of approximately SEK 200m during the fourth quarter.

At the start of October an agreement was reached regarding a joint venture in India with Voltas Ltd, which will transfer its business in refrigerators, washing machines and compressors to a new company, in which Electrolux has a 74% stake and Voltas 26%. The new company will be coordinated with the Group's existing operation in white goods in India. The transfer of the Voltas operation will be completed by April 1999, after which the Group's sales of white goods in India will increase to approximately INR 7,900m (SEK 1,500m) on an annual basis. Electrolux will thus become one of the three largest white-goods companies in India and the largest producer of refrigerators.

The year 2000

Since 1996, Electrolux has been working on solutions for problems that may arise in the Group's computer systems, electronic components, etc. in connection with the turn of the century. Each individual operating sector within Electrolux has established a schedule for conversion or replacement of IT applications in plants and offices, where relevant. The operating sectors are currently identifying major suppliers and customers with a view to ensuring that they are year-2000 compliant. Contingency plans will be prepared if warranted by the final evaluation of the readiness of critical suppliers.

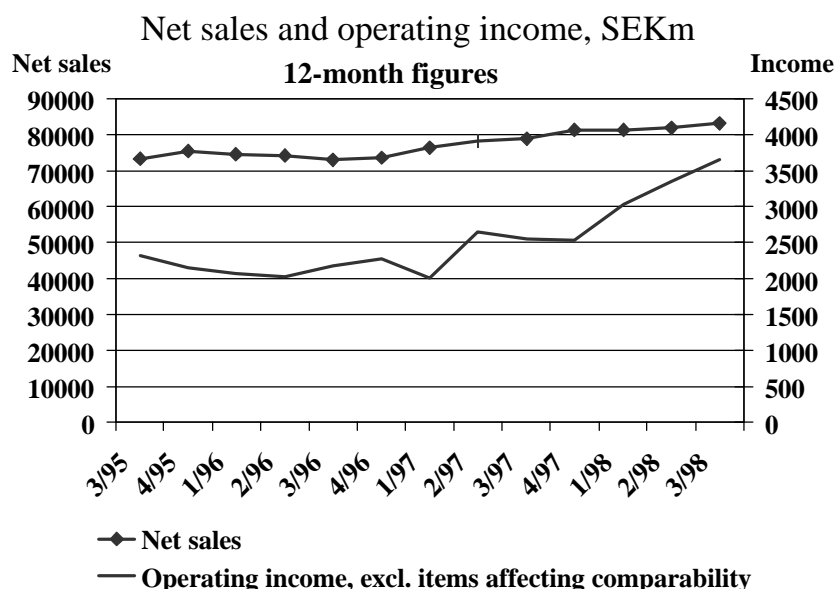
Approximately half of the Group's applications in plants and offices have been modified or replaced to date, and in many cases this has involved upgrading. Costs to date for implemented changes amount to approximately SEK 75m. The total cost of changes in IT-applications is estimated at approximately SEK 250m.

It is not expected that any significant problems will arise with respect to current or previously sold products.

It is not anticipated that possible negative effects related to the year-2000 issue will have any material impact on the Group's income or financial position.

Operations by business area

Household Appliances



During the first nine months of 1998 the market for white goods in Western Europe expanded in volume by about 5% in comparison with the corresponding period in 1997. In the third quarter, the market increased by about 1%. Both the UK and German markets showed a decline during the quarter.

The Group's sales of white goods in Europe increased over last year. Operating income improved substantially on the basis of higher sales volume and internal actions. However, a fire that caused extensive damage to the refrigerator plant in Hungary in August and a considerable decline in deliveries to Russia had an adverse effect on sales and income during September.

The white-goods market in the US expanded by about 11% in volume. Frigidaire Home Products reported continued strong growth in sales, and a marked improvement in operating income.

The market for white goods in Brazil declined by about 25% in volume, although the downturn was not as sharp in the third quarter. Operating income for the Brazilian operation declined as a result of lower sales volumes, costs related to personnel cutbacks, and charges for doubtful receivables.

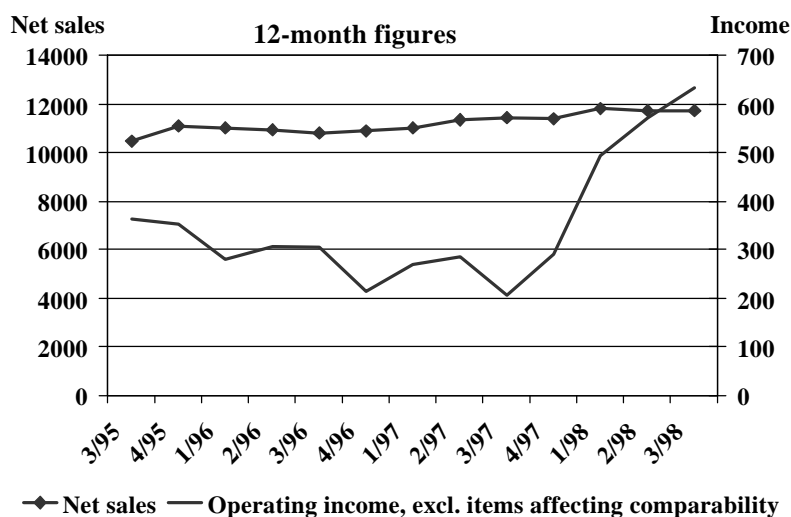
Overall operating income for the Group's white-goods operation was substantially higher, for the period as a whole as well as in the third quarter.

For other household appliances, demand for floor-care products increased somewhat in both Europe and the US. Group sales declined from 1997, mainly as a result of lower volume in Asia and Brazil. This product line nevertheless reported higher operating income and margin on the basis of cost reductions, particularly in the US operation. The leisure appliances and components product lines also reported higher sales and income.

Total sales and operating income for the Household Appliances business area were higher than in 1997 with an improved margin.

Professional Appliances

Net sales and operating income, SEKm



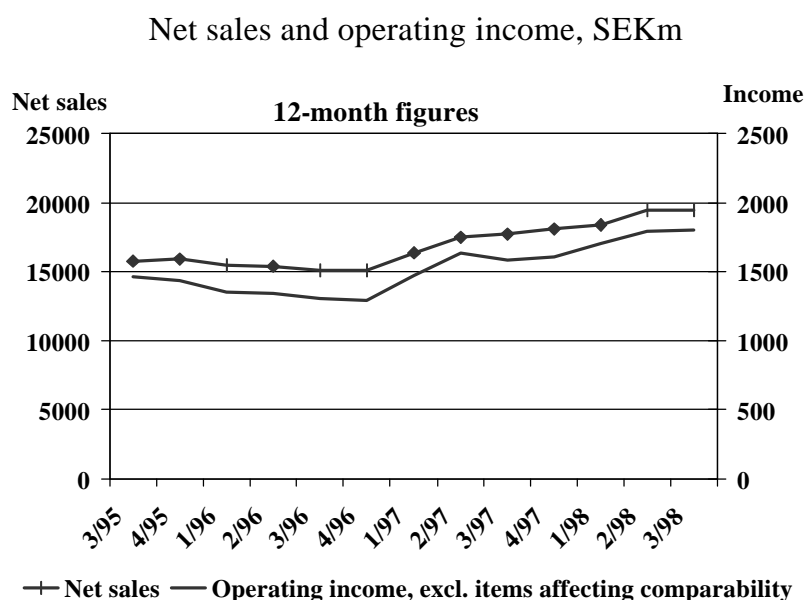
The market for food-service equipment in Europe was largely unchanged from 1997, and Group sales showed only a small increase. This product line reported a marked improvement in operating income on the basis of restructuring, although from a low level last year. The operation in food and beverage vending-machines achieved continued strong growth in sales and income.

Demand for laundry equipment increased in several countries in Europe. Demand in the US and Oceania declined, however. Group sales were lower than last year, mainly because of the divestment of the operation in heavy-duty laundry equipment. Operating income improved over 1997.

Sales of refrigeration equipment rose in Europe as well as in new markets in Asia and Latin America. Higher sales volume and the effects of restructuring led to a considerable improvement in operating income for this product line in comparison with the low level of 1997.

Sales for the Professional Appliances business area showed only a slight increase in comparison with last year, but both operating income and operating margin improved.

Outdoor Products



The market for professional chainsaws rose in volume during the period as a whole in both Europe and the US. However, demand during the third quarter was lower than in the same quarter last year. Markets in Southeast Asia and Oceania showed a sharp decline. Husqvarna achieved higher sales than in 1997, and operating income improved.

The American market showed lower volume for hobby chainsaws. However, demand for garden equipment in the US increased in several areas. The Group's US operation reported higher sales and some improvement in operating income.

Demand for garden equipment in Europe was higher than in 1997, and the European operation reported higher income.

Sales and operating income for the Outdoor Products business area were higher than in the previous year, and the margin was unchanged.

Uncertain market conditions

Demand has been good so far this year in both the European and US markets, which account for approximately 85% of Group sales. However, the rate of market growth declined towards the end of the period. The Group nevertheless has been able to compensate for this through internal activities

Stockholm, October 29, 1998

Michael Treschow

President and CEO

CONSOLIDATED INCOME STATEMENT, SEKm

	Nine months		Third quarter		Full year
	1998	1997	1998	1997	1997
Net sales	89,391	85,179	28,516	27,906	113,000
Cost of goods sold ¹⁾	-66,520	-62,940	-21,034	-20,611	-83,144
Selling expenses ¹⁾	-13,689	-13,820	-4,575	-4,485	-18,850
Administrative expenses ¹⁾	-4,575	-4,754	-1,407	-1,649	-6,201
Other operating income/ expense	-137	-235	-75	-59	-255
Operating income before items affecting comparability*	4,470	3,430	1,425	1,102	4,550
<i>Margin, %</i>	<i>5.0</i>	<i>4.0</i>	<i>5.0</i>	<i>3.9</i>	<i>4.0</i>
Items affecting comparability	805	-1,896	250	-	-1,896
Operating income	5,275	1,534	1,675	1,102	2,654
<i>Margin, %</i>	<i>5.9</i>	<i>1.8</i>	<i>5.9</i>	<i>3.9</i>	<i>2.3</i>
Financial items, net	-971	-1,048	-294	-352	-1,422
Income after financial items	4,304	486	1,381	750	1,232
<i>Margin, %</i>	<i>4.8</i>	<i>0.6</i>	<i>4.8</i>	<i>2.7</i>	<i>1.1</i>
Minority interests in income before taxes	38	-33	18	14	51
Income before taxes	4,342	453	1,399	764	1,283
<i>Margin, %</i>	<i>4.9</i>	<i>0.5</i>	<i>4.9</i>	<i>2.7</i>	<i>1.1</i>
Taxes	-1,460	-389	-414	-302	-931
Net income	2,882	64	985	462	352
* <i>Including depreciation in the amount of:</i>	-3,102	-3,246	-995	-1,071	-4,266

1) The principles for distributing costs have been revised and the figures for 1997 have been adjusted accordingly.

CONSOLIDATED BALANCE SHEET, SEKm

	September 30, 1998	September 30, 1997
Fixed assets	26,926	27,302
Inventories	16,898	16,143
Accounts receivable	24,032	22,226
Other receivables	4,043	3,934
Liquid funds	10,077	10,206
Total assets	81,976	79,811
Shareholders' equity	22,744	19,940
Minority interests	920	1,995
Interest-bearing liabilities and provisions	27,688	29,269
Non-interest-bearing liabilities and provisions	30,624	28,607
Total shareholders' equity and liabilities	81,976	79,811

STATEMENT OF CHANGES IN FINANCIAL POSITION, SEKm

	Nine months, 1998	Nine months, 1997
Operating income excl. capital gains	4,470	2,849
Depreciation according to plan	3,102	3,246
Changes in operating assets and liabilities	-1,287	96
Divestment of operations	1,465	925
Capital expenditure	-2,509	-3,057
Other	651	-101
Liquid funds generated by operations	5,892	3,958
Change in long-term loans	-1,116	-3,471
Financial items	-971	-1,048
Taxes paid	-1,212	-1,391
Dividends	-915	-915
Exchange-rate differences referring to net liquidity	95	-260
Change in net liquid funds	1,773	-3,127

NET SALES BY BUSINESS AREA, SEKm

	Nine months		Change, %	Third quarter		Change, %	Full year, 1997
	1998	1997		1998	1997		
Household Appliances	62,997	60,568	4.0	21,345	20,809	2.6	81,419
Professional Appliances	8,481	8,379	1.2	2,760	2,814	-1.9	11,413
Outdoor Products	16,193	14,701	10.1	3,790	3,819	-0.8	18,087
Other ¹⁾	1,720	1,531	12.3	621	464	33.8	2,081
Total	89,391	85,179	4.9	28,516	27,906	2.2	113,000

1) Gotthard Nilsson, etc.

OPERATING INCOME BY BUSINESS AREA, SEKm

	Nine months		Change, %	Third quarter		Change, %	Full year, 1997
	1998	1997		1998	1997		
Household Appliances	2,749¹⁾	2,086	31.8	1,057	728	45.2	2,943
<i>Margin, %</i>	4.4	3.4		5.0	3.5		3.6
Professional Appliances	503	210	139.5	177	116	52.6	340
<i>Margin, %</i>	5.9	2.5		6.4	4.1		3.0
Outdoor Products	1,587	1,448	9.6	348	343	1.5	1,680
<i>Margin, %</i>	9.8	9.8		9.2	9.0		9.3
Other ²⁾	-59	46		-35	35		67
Common Group costs ³⁾	-310	-360		-122	-120		-480
Items affecting comparability	805	-1,896		250	-		-1,896
Total	5,275	1,534	243.9	1,675	1,102	52.0	2,654

1) Including a charge of SEK 175m in Brazil and Asia and excluding the operation in SIA.

2) Gotthard Nilsson, etc.

3) As of the first quarter of 1998 these items are not distributed among the different business areas. The figures for the previous year have been adjusted accordingly.

KEY RATIOS

	Nine months		Nine months		Full year, 1997 excl. items affecting comparability
	1998	1998 excl. items affecting comparability	1997	1997 excl. items affecting comparability	
Net income per share, SEK ¹⁾	7.90	6.25	0.15	3.75	4.85
Return on equity, % ²⁾	18.7	13.8	0.4	8.2	7.9
Return on net assets, % ³⁾	16.3	13.4	4.6	10.3	10.2
Net debt/equity ratio ⁴⁾	0.74	0.74	0.87	0.80	0.86
Capital expenditure, SEKm	2,509	2,509	3,057	3,057	4,329
Average number of employees	100,100	100,100	107,100	107,100	105,950
Sales outside Sweden, %	95	95	95	95	95

	Third quarter		Third quarter	
	1998	1998 excl. items affecting comparability	1997	1997 excl. items affecting comparability
Net income per share, SEK ¹⁾	2.70	2.10	1.25	1.25
Capital expenditure, SEKm	875	875	1,000	1,000
Average number of employees	98,400	98,400	107,400	107,400
Sales outside Sweden, %	95	95	95	95

1) After a stock split of 5:1 the number of shares amounts to 366.2 million. Figures for the previous year have been adjusted accordingly.

2) Annualized net income for the year, expressed as a percentage of opening equity.

3) Annualized operating income, expressed as a percentage of average net assets.

4) Net borrowings, i.e. interest-bearing liabilities less liquid funds, in relation to adjusted equity.

The latter is defined as equity including minority interests.

NET SALES AND INCOME PER QUARTER

		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Net sales, SEKm	1998	28,567	32,308	28,516		
	1997	26,345	30,928	27,906	27,821	113,000
Operating income, SEKm	1998	1,376	2,224	1,675		
	<i>Margin, %</i>	4.8	6.9	5.9		
	1997	1,004	-572	1,102	1,120	2,654
	<i>Margin, %</i>	3.8	-1.8	3.9	4.0	2.3
	1997 ¹⁾	1,004	1,324	1,102	1,120	4,550
	<i>Margin, %</i>	3.8	4.3	3.9	4.0	4.0
Income after financial items, SEKm	1998	1,060	1,863	1,381		
	<i>Margin, %</i>	3.7	5.8	4.8		
	1997	683	-947	750	746	1,232
	<i>Margin, %</i>	2.6	-3.1	2.7	2.7	1.1
	1997 ¹⁾	683	949	750	746	3,128
	<i>Margin, %</i>	2.6	3.1	2.7	2.7	2.8
Income before taxes, SEKm	1998	1,075	1,868	1,399		
	1997	600	-911	764	830	1,283
	1997 ¹⁾	600	985	764	830	3,179
Net income, SEKm	1998	667	1,230	985		
	1997	355	-753	462	288	352
	1997 ¹⁾	355	562	462	403	1,782
Income per share, SEK	1998	1.85	3.35	2.70		
	1997	0.95	-2.05	1.25	0.80	0.95
	1997 ¹⁾	0.95	1.55	1.25	1.10	4.85

1) Excluding costs of SEK 2,500m for the current restructuring program and a capital gain of SEK 604m.

NET SALES BY BUSINESS AREA, PER QUARTER, SEKm

		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Household Appliances	1998	20,140	21,512	21,345		
	1997	18,886	20,873	20,809	20,851	81,419
Professional Appliances	1998	2,722	2,999	2,760		
	1997	2,406	3,159	2,814	3,034	11,413
Outdoor Products	1998	5,157	7,246	3,790		
	1997	4,617	6,265	3,819	3,386	18,087
Other ¹⁾	1998	548	551	621		
	1997	436	631	464	550	2,081

1) Gotthard Nilsson, etc.

OPERATING INCOME BY BUSINESS AREA, PER QUARTER, SEKm

		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Household Appliances	1998	879	813¹⁾	1,057		
	<i>Margin, %</i>	4.4	3.8	5.0		
	1997	783	575	728	857	2,943
	<i>Margin, %</i>	4.1	2.8	3.5	4.1	3.6
Professional Appliances	1998	103	223	177		
	<i>Margin, %</i>	3.8	7.4	6.4		
	1997	-52	146	116	130	340
	<i>Margin, %</i>	-2.2	4.6	4.1	4.3	3.0
Outdoor Products	1998	488	751	348		
	<i>Margin, %</i>	9.5	10.4	9.2		
	1997	441	664	343	232	1,680
	<i>Margin, %</i>	9.6	10.6	9.0	6.9	9.3
Other ²⁾	1998	1	-25	-35		
	1997	-48	59	35	21	67
Common Group costs ³⁾	1998	-95	-93	-122		
	1997	-120	-120	-120	-120	-480

1) Including a charge of SEK 175m in Brazil and Asia and excluding the operation in SIA.

2) Gotthard Nilsson, etc.

3) As of the first quarter of 1998 these items are not distributed among the different business areas.
The figures for the previous year have been adjusted accordingly.

This report has not been audited.

The year-end results for 1998 will be published on February 16, 1999.
Financial information from Electrolux is also available on the Internet
at www.electrolux.com